



14 October 2009

The Manager
Companies Announcement Office
ASX Limited
Level 4
20 Bridge Street
SYDNEY NSW 2000

Via Electronic Lodgement

Dear Sir/Madam

RIGHTS ISSUE – NOTIFICATION LETTERS TO SHAREHOLDERS

Please find attached the following shareholder notification letters being dispatched on 14 October 2009:

- (1) to shareholders registered in Australia and New Zealand providing them with the information required in relation to the pro-rata renounceable rights issue; and
- (2) to shareholders registered in countries outside of Australia and New Zealand advising them that the Company will not be extending the Rights Issue to them.

Yours sincerely
ROYAL RESOURCES LIMITED

A handwritten signature in black ink, appearing to be "Frank DeMarte".

Frank DeMarte
COMPANY SECRETARY

14 October 2009

[Shareholder Details]
[Address]

Level 3, IBM Building
1060 Hay Street, West Perth
Western Australia 6005

PO Box 7525
Cloisters Square, Perth
Western Australia 6850

Telephone: +61 8 9322 8542
Facsimile: +61 8 9322 6577
info@royalresources.com.au

www.royalresources.com.au
ABN: 34 108 102 432

Dear Shareholder



RENOUNCEABLE RIGHTS ISSUE DETAILS

On 8 October 2009, Royal Resources Limited ("**Royal**") announced a pro-rata renounceable rights issue ("**Rights Issue**") of approximately 101,329,828 New Shares on the basis of 1 New Share for every 1 Share held on the Record Date of 22 October 2009 at an issue price of \$0.10 per New Share, together with approximately 33,776,609 free attaching New Options, each exercisable at \$0.10 on or before 31 October 2011 on the basis of 1 New Option for every 3 New Shares issued. If a New Option is exercised between 3 May 2010 and 31 May 2010 the New Option holder is entitled to receive a Secondary Option exercisable at \$0.12 on or before 31 October 2013.

The Rights Issue is fully underwritten by Patersons Securities Limited ("**Underwriter**") and will raise approximately \$10.133 million if the all entitlements are taken up (excluding any shares that may be issued as a result of any existing options that are exercised prior to the Record Date).

On 13 October 2009, Royal lodged a prospectus with the Australian Securities and Investments Commission setting out the details of the Rights Issue. A copy of the Prospectus was also lodged with the Australia Securities Exchange ("**ASX**") on the same date and is available on the websites for ASX (www.asx.com.au) and Royal (www.royalresources.com.au).

It is anticipated that the Prospectus will be sent to all shareholders in Australia and New Zealand on 28 October 2009.

Proposed Timetable*

The current proposed timetable for the Rights Issue is set out below. The dates are indicative only and Royal reserves the right to vary the dates subject to the Corporations Act 2001, the Listing Rules of the ASX ("**Listing Rules**") and other applicable law.

Prospectus lodged with ASIC and ASX	13 October 2009
Securities quoted on an "Ex" basis	16 October 2009
Rights trading commences	16 October 2009
Record Date to determine Entitlements pursuant to the Rights Issue	22 October 2009
Prospectus with Entitlement and Acceptance form dispatched to Shareholders	28 October 2009

Rights trading ends	5 November 2009
Closing date for acceptance and receipt of applications under the Rights Issue	12 November 2009
Notify ASX of under subscriptions	17 November 2009
Dispatch of Shareholder Statements	20 November 2009

* The Directors reserve the right to vary the key dates without prior notice, subject to Listing Rules.

Dealing with Entitlements

Shareholders have the following alternatives available in relation to the Rights Issue:

- (1) Accept their entitlement in full;
- (2) Partially accept their entitlement;
- (3) Transfer part or all of their entitlement to another party other than on marked using ASX;
- (4) Sell all or part of their entitlement on ASX; or
- (5) Allow their entitlement to lapse.

Information required to be given to you in accordance with Listing Rules:

Pursuant to the Listing Rules, the Company is required to provide to you certain information before proceeding with the Rights Issue. This letter contains all the information required by Appendix 3B of the Listing Rules.

- (1) Approximately 101,329,828 New Shares and 33,776,609 New Options will be issued pursuant to the Rights Issue (assuming no existing options are exercised).
- (2) The New Shares to be issued will rank equally in all respects from the date of allotment with the existing class of quoted Shares. The New Options will not rank equally in all respects from the date of allotment with an existing class of quoted security.
- (3) The issue price of the New Shares will be 10 cents each. The New Options will be issued for no consideration.
- (4) The Company will apply for quotation of the New Shares and New Options issued pursuant to the Rights Issue on the official list of the ASX.
- (5) The funds raised by the Rights Issue will be used towards the expenses of the Rights Issue, payment of \$4.75 million tranche to Mintech Resources Pty Limited to complete the acquisition of the Razorback Iron Project as announced to the ASX on 16 September 2009, undertake geological mapping, geophysical surveying, surface sampling and resource definition drilling to achieve a JORC-compliant Inferred Resource at the Razorback Iron Project within two years and administration and working capital of the Company.
- (6) It is anticipated that the securities will be entered into uncertificated holdings on 20 November 2009.
- (7) The total number and class of all securities quoted on ASX (including the maximum number of Shares and Options to be issued in the Rights Issue on an undiluted basis – i.e. assuming none of the Company's options are exercised) is as follows:

Number	Class
202,659,656	Ordinary shares
33,776,609	Quoted Options exercisable at 10 cents each on or before 31 October 2011

(8) The following are the securities of the Company not quoted on ASX:

Number	Class
4,800,000	Unquoted Options exercisable at 20 cents each on or before 31 January 2011
250,000	Unquoted Options exercisable at 34 cents each on or before 10 January 2011
1,350,000	Unquoted Options exercisable at 50 cents each on or before 15 January 2011
500,000	Unquoted Options exercisable at 20 cents each on or before 9 March 2010
500,000	Unquoted Options exercisable at 40 cents each on or before 9 March 2010
1,500,000	Unquoted Options exercisable at 25 cents each on or before 6 April 2011
1,500,000	Unquoted Options exercisable at 30 cents each on or before 6 April 2012
1,500,000	Unquoted Options exercisable at 50 cents each on or before 6 April 2013 (restricted)
420,000	Unquoted Options exercisable at 34 cents each on or before 30 June 2011
3,000,000	Unquoted Options exercisable at 30 cents each on or before 30 November 2013
100,000	Unquoted Options exercisable at 8 cents each on or before 31 December 2011 (restricted)
1,900,000	Unquoted Options exercisable at 8 cents each on or before 30 April 2013 (restricted)
6,750,000	Unquoted Options exercisable at 50 cents each on or before 30 June 2012
5,000,000	Unquoted Options exercisable at 10 cents each on or before 1 November 2011*

* Note: these options have not been issued as at the date of this letter.

- (9) The Company currently has no dividend policy.
- (10) No shareholder approval for the Rights Issue is required.
- (11) The Rights Issue is **renounceable**. This means that shareholders who do not wish to subscribe for some or all of the New Shares and New Options offered under the Rights Issue may sell their respective rights and also enables shareholders to purchase additional rights if they wish.
- (12) The New Shares in the Rights Issue will be offered on the basis of 1 New Share for every 1 Share held on the record date of 22 October 2009 and the New Options will be offered on the basis of 1 New Option for every 3 New Shares issued.
- (13) The offer under the Rights Issue relates to ordinary fully paid shares in the capital of the Company.

- (14) The **record date** to determine entitlements is 22 October 2009.
- (15) Holdings on different registers (or subregisters) will not be aggregated for calculating entitlements as the Company only has one register.
- (16) In determining the entitlement of shareholders, any fractional entitlement will be rounded down to the nearest whole number.
- (17) The Company will not be sending an offer under the Rights Issue to any security holders who are not resident in Australia or New Zealand as the record date.
- (18) In compliance with Listing Rule 7.7.1 of the ASX Listing Rules, the Company has appointed Patersons Securities Limited as the nominee for foreign holders of the Company's securities. The Company will transfer to the nominee the rights that would otherwise be offered to the foreign holders. The nominee will account to those foreign shareholders for the net proceeds of the sale of the rights (if any). The nominee will have an absolute and sole discretion to determine the timing and the price at which the rights may be sold and the manner of any such sale. The closing date for receipt of acceptances or renunciations is 5.00pm WST 12 November 2009.
- (19) The Rights Issue is fully underwritten by Patersons Securities Limited.
- (20) There is no broker to the Rights Issue.
- (21) Brokers will receive no handling fee for acceptances lodged by them on behalf of security holders.
- (22) The Prospectus for the Rights Issue and the accompanying Entitlement and Acceptance Form will be sent to you on 28 October 2009.
- (23) Existing option holders may participate in the Rights Issue upon exercise of their options. The Company sent a notice to option holders to notify them of their right to participate in the Rights Issue upon exercise of their options on 13 October 2009.
- (24) The latest date for dispatch of certificates or entry of the securities into your security holdings is 20 November 2009.
- (25) Rights trading will begin at commencement of trading on 16 October 2009.
- (26) Rights trading will end at close of trading on 5 November 2009.
- (27) If you wish to sell all of your entitlement on the ASX, you will need to complete the section at the back of the Entitlement and Acceptance Form, accompanying a copy of the Prospectus to be issued to you, marked "Sale of entitlement in full by your Stockbroker/Agent" and then forward the Form to your stockbroker. You must deal with your entitlement by close of trading on the ASX on 5 November 2009, when rights trading ceases.
- (28) If you wish to accept part of your entitlement and sell the balance on the ASX, you will need to complete that section of the Entitlement and Acceptance Form, accompanying a copy of the Prospectus to be issued to you, marked "Sale of your Entitlement in part and acceptance of the balance". The completed Form should then be forwarded to your stockbroker together with a cheque for the amount due in respect of the New Shares and New Options you intend to accept. You must deal with that part of your entitlement which you do not intend to accept by close of trading on the ASX on 5 November 2009, when rights trading ceases.

- (29) If you wish to transfer all or part of your entitlement to another person other than on market using the ASX, then you will need to forward the following:
- (a) a completed standard renunciation form (obtainable from your stockbroker or the Company's share registry) ;
 - (b) a Entitlement and Acceptance Form completed by the transferee, accompanying a copy of the Prospectus to be issued to you; and
 - (c) transferee's cheque for the amount due in respect of the New Shares and free attaching New Options,

to the Company's share registry by no later than **5.00pm WST 12 November 2009** or such other date as the Directors advise. Cheques should be made payable to "**Royal Resources Limited – Share Issue Account**" and crossed "Not Negotiable".

- (30) The latest date for dispatch of certificates or entry of the securities into your security holdings is 20 November 2009.

The above information was provided to the ASX on 13 October 2009.

For further information on your entitlement please contact your stockbroker or Royal's share register:

Computershare Investor Services Pty Ltd

Telephone: 1300 557 010 (within Australia) and + 61 3 9415 4000 (outside Australia)

Facsimile: (08) 9323 2033 (within Australia) or +64 8 9323 2033 (outside Australia)

Yours sincerely

ROYAL RESOURCES LIMITED



Frank DeMarte
COMPANY SECRETARY

14 October 2009

[Overseas Shareholder Details]
[Address]



Dear Overseas Shareholder

RENOUNCEABLE RIGHTS ISSUE

As you may be aware, Royal Resources Limited ('Royal') is currently undertaking a pro-rata renounceable rights issue ("Rights Issue") pursuant to a prospectus dated 13 October 2009 ('Prospectus'). The Company anticipates that the Rights Issue will close on 12 November 2009.

The Prospectus is for a renounceable rights issue to existing shareholders in Australia and New Zealand of approximately 101,329,828 New Shares on the basis of 1 New Share for every 1 Share held on the Record Date of 22 October 2009 at an issue price of \$0.10 per New Share, together with approximately 33,776,609 free attaching New Options, each exercisable at \$0.10 on or before 31 October 2011 on the basis of 1 New Option for every 3 New Shares issued, to raise approximately \$10,132,983. If a New Option is exercised between 3 May 2010 and 31 May 2010 the New Option holder is entitled to receive a Secondary Option exercisable at \$0.12 on or before 31 October 2013.

The Company has determined, pursuant to Listing Rule 7.7.1(a) of the Listing Rules of Australian Securities Exchange ("ASX Listing Rules"), that it would be unreasonable to make offers under the Prospectus to all shareholders in countries outside of Australia and New Zealand. Accordingly, in compliance with ASX Listing Rule 7.7.1(b), the Company wishes to advise you that it will not be extending the Rights Issue to you.

The Company has appointed Patersons Securities Limited ('Nominee'), on normal commercial terms, as nominee for the excluded holders of the Company's securities. The Company advises these foreign holders that the Nominee will arrange the sale of the rights which would have been offered to the excluded holders, and if they are sold, for the net proceeds to be sent to excluded holders. The Nominee will have the absolute and sole discretion to determine the timing and the price at which the rights may be sold and the manner of any such sale. Neither the Company nor the Nominee will be subject to any liability for failure to sell the rights or to sell them at a particular price.

Please note it is possible that no net proceeds will be available for distribution to excluded holders, after the costs of the sale have been paid to the Nominee. We will inform you in due course of the outcome of the sale of your rights.

Should you have any queries please contact the Company's Share Registry – Computershare Investor Services on +61 8 1300 557 010 or the Nominee on +61 8 9 263 1111.

Yours sincerely
ROYAL RESOURCES LIMITED

A handwritten signature in black ink, appearing to be 'Frank DeMarte', written in a cursive style.

Frank DeMarte
COMPANY SECRETARY